# American
# NEWS & VIEWS

*A Daily Newsletter from Public Affairs, American Embassy*

**September 21, 2006**


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## Laura Bush Highlights Burma Crisis in U.N. Roundtable Discussion

*Participants cite human rights abuses, increase in drug-resistant diseases*

By Judy Aita
Washington File United Nations Correspondent

United Nations -- The United States will work diligently with other members of the U.N. Security Council to ensure that the crisis in Burma is not overlooked, U.S. first lady Laura Bush said September 19.

Taking advantage of media attention at the opening of the 61st General Assembly session, the first lady convened a roundtable discussion to highlight the repressive and destabilizing situation in Burma and the regime's treatment of democracy activist and Nobel Laureate Aung San Suu Kyi, who has been under house arrest for most of the past 17 years.

Bush gathered experts to discuss what could be done to secure the release of political prisoners and promote national reconciliation. She also encouraged journalists attending the event to "get the story out" so that Burma's leaders would know that "they can't get away with terrible mistreatment of their citizens."

In addition to the first lady, roundtable participants included Paula Dobriansky, under secretary of state for democracy and global affairs; Ellen Sauerbrey, assistant secretary of state for population, refugees and migration; Elliott Abrams, deputy national security advisor for global democratization strategy; U.N. Under Secretary for Political Affairs Ibrahim Gambari; Burmese activist Hseng Noung, founder of the Shan Women Action Network and a contributor to the 2002 documentary "License to Rape"; Zaid Ibrahim, head of the ASEAN Inter-Parliamentary Burma Caucus; Jack Dunford, director of the Thailand Burma Border Consortium; Dr. Chris Beyrer, director of the Johns Hopkins Fogarty AIDS International Training and Research Program and the Johns Hopkins Center for Public Health & Human Rights; and Jim Jacobson, president of Christian Freedom International.

In an interview with the Washington File, Assistant Secretary of State for International Organization Affairs Kristin Silverberg called the roundtable discussion "incredibly productive and moving."

The meeting discussed ways to continue putting pressure on the Burmese regime to change its treatment toward its people, she said. According to Silverberg, the Security Council will be meeting with Gambari before his visit to Burma in October. After he returns, she said, the council will meet again to discuss possible actions.

After Gambari's last visit to Burma in May, during which he met with the head of Burma's military junta Senior General Than Shwe, the government renewed Aung San Suu Kyi's house arrest for another year.

VIOLENCE AGAINST WOMEN AND CHILDREN

All the roundtable participants urged the United States to get Security Council action on Burma, "the sooner the better."

On September 15, after a yearlong effort, the United States succeeded in having the situation in Burma officially placed on the agenda of the U.N. Security Council.

Hseng spoke of the regime's use of sexual violence as tool of repression.

The practice of Burmese soldiers raping women and children continues unabated, Hseng said. Telling a moving story of the rape of an eight-year-old girl by soldiers, she said that afterwards members of the local political party visited the child's parents and gave them money and a toy for the victim.

Women are organized in villages and brought to military barracks ostensibly to "put on a fashion show." Instead, the women are raped, and some are turned into sex slaves, Hseng said.

Human trafficking is also a major problem in the country, according to the State Department.

In its Trafficking in Persons report for 2006, the department said Burma does not fully comply with the minimum standards for the elimination of trafficking and "is not making significant efforts to do so."

Burmese men, women and children are trafficked to Thailand, China, Bangladesh, Malaysia, Korea and Macau for domestic service, forced and bonded labor in industrial zones and agricultural estates, and prostitution, according to the report. The Burmese military has been implicated in trafficking persons for forced labor, and there have been reports of forced enlistments of children in the Burmese army. The regime's economic mismanagement, human rights abuses and forced labor policy are driving factors behind the country's large human trafficking problem, the report says.

POOR HEALTH CONDITIONS

Burma also has serious problems in the area of health.

Beyrer reported that Burma chronically underfunds health issues, spending less than $1 a year per person on health and education. The regime's budget for HIV/AIDS now totals $75,000 annually, an amount that was increased three times during the year, he said.

Most Burmese are too poor to afford medicine, but even those who can are getting inadequate doses because the drugs available to them are either counterfeit or below par, Beyrer said.

At the end of 2005, Burma had one of the most serious HIV/AIDS epidemics in Asia, with about 360,000 infected, according to the United Nations. The regime's response to HIV/AIDS remains ambivalent, the State Department says, and it has impeded humanitarian operations. In August 2005, the AIDS Global Fund terminated its Burma operations when it could no longer ensure that its funds would go to those in need rather than to regime coffers.

Because the government is not spending sufficient money on health issues, the country also has drug-resistant strains of tuberculosis and malaria that easily can be transmitted across borders. The government's handling of avian flu is also endangering the region's effort to control the threat, Beyrer said.

OTHER ISSUES

The flows of Burmese refugees throughout the region, illicit narcotics, HIV/AIDS and the human rights situation inside Burma are a threat to international peace and security, U.S. Ambassador to the United Nations John Bolton said September 18.

About 200,000 refugees who have fled conflict and persecution in Burma now live in Thailand, Malaysia, India and Bangladesh. As many as 3,000 ethnic Karen refugees entered Thailand in 2006 after several military offensives against opposition forces in Burma. As conditions worsen, hope for the refugees' safe return diminishes, according to the U.S. State Department.

The United States recently approved the applications of 2,700 Karen to resettle in the United States. Resettlement operations began August 15, and more than half of those approved are expected to arrive in the United States by October 1. The remainder will arrive before the end of 2006.

Regarding illicit drug production and trafficking, the United States has determined that the regime in 2005 again failed demonstrably to meet international counter-narcotics obligations. Burma is the second largest producer of illicit opium and produces and traffics amphetamine-type substances as well.

"We want to call attention to the situation in Burma and the threat that its policies pose to the region and, more broadly, to the fact the government of Burma's policies are not changing," Bolton said.

"If we don't ratchet up the level of attention, there's no reason to think those policies will change," the ambassador said.

## President Bush Meets with Palestinian President, Other Leaders in New York

*Middle East issues dominate sideline talks at U.N. General Assembly*

Washington – On the sidelines of the U.N. General Assembly, President Bush told Palestinian President Mahmoud Abbas, "The best way to bring peace to the Holy Land is for two democratic states living side by side in peace." He also said that "the Palestinian state must have territorial integrity" and expressed the wish for the Palestinians to have "a society in which they can raise their children in peace and hope."

Abbas thanked the president for U.S. support of the peace process and told Bush, "[Y]ou are the first American president to adopt the vision of two states living side by side." Abbas said a majority of Palestinians shared this vision. "Palestinian people desire peace and there is no power on earth that can prevent the Palestinian people from moving toward the peaceful solution," he said. Bush and Abbas spoke to reporters at the Waldorf Astoria Hotel in New York September 20.

At a private meeting earlier, the two leaders spoke about efforts to resolve the "very difficult Palestinian political situation," according to Deputy National Security Advisor Elliott Abrams, who briefed the press after their conversation. He said Bush commended Abbas on his efforts and expressed hope he would succeed in producing a Palestinian government with which the international community could work.

The Quartet for Middle East peace, which includes the European Union, Russia, the United Nations and the United States, has said the Palestinian Authority must recognize Israel, abandon violence and terrorism and agree to respect previously signed agreements with Israel in order to win legitimacy with the international community.

Abbas reiterated his strong commitment to building a viable Palestinian state. Discussions about forming a new

national unity government in the Palestinian Authority were put on hold when Abbas left for the General Assembly.
Abrams said Bush wants Abbas and Israeli Prime Minister Ehud Olmert to meet and re-engage, "obviously after the freeing of the Israeli soldier Gilad Shalit," with the "ultimate goal of achieving a democratic and peaceful Palestinian state." He said the two presidents discussed possible strategies to accomplish this.

Abrams also clarified that the United States, while suspending aid to the Hamas-controlled Palestinian Authority, is giving humanitarian assistance to the Palestinian people through nongovernmental organizations and to agencies that are "not under the control of Hamas, of the prime minister, of the Cabinet, but rather are under the control of President Abbas."

While in New York, Bush met with several other world leaders, and Middle East developments dominated much of the discussion. On September 19, he met separately with French President Jacques Chirac and U.N. Secretary-General Kofi Annan. Speaking about the Iranian nuclear issue, Bush and Chirac agreed on "the desire to go with a diplomatic approach," according to National Security Council (NSC) official Judy Ansley, who later briefed reporters. According to NSC official Mike Kozak, Bush and Annan agreed on the need for "the international community to stay consistent and united on the topics, so that there was clarity as to the way forward and the way to a solution."

Also on September 19, Bush met Sheikha Haya Rashed Al Khalifa, the newly elected first Muslim woman president of the General Assembly. "They talked about women as an agent of change in the Middle East, and the need to treat women with equality and respect," Kozak told reporters. President Bush also attended a round table on democracy.

During an hourlong meeting with Iraqi President Jalal Talabani, Bush expressed his continuing support for a strong government in Iraq. He expressed "confidence that Iraq will succeed, but also … commitment on all sides to work together to help Iraq make some very tough choices," said Deputy National Security Advisor for Iraq and Afghanistan Meghan O'Sullivan.

**United States Urges Prompt Restoration of Democracy in Thailand**

*Coup has implications for U.S. assistance to country, officials say*
By Peggy B. Hu
Washington File Staff Writer

Washington -- The United States is urging the prompt restoration of democracy in Thailand, administration officials said September 20.

On September 19, a group calling itself the Committee for Democratic Reform under the Monarchy as Head of State seized control of the government institutions in Bangkok and declared martial law. A spokesman for the group pledged to name a civilian caretaker prime minister within two weeks and promised elections by October 2007, after the drafting of a new constitution. Prime Minister Thaksin Shinawatra was in New York attending the start of the United Nations' 61st General Assembly session at the time of the coup.

"We're disappointed in the coup," White House spokesman Tony Snow said at a White House press briefing September 20. "We hope those who mounted it will make good, and make good swiftly, on their promises to restore democracy. And by restoring democracy not only means elected governments, but protected rights of citizens, including freedom of speech and assembly."

Snow added that once Thailand restores democracy the United States will "be in a position to move forward on a free trade agreement with them."

"There is no justification for a military coup in Thailand or in any place else. And we certainly are extremely disappointed by this action," State Department deputy spokesman Tom Casey said at the regular department briefing the same day. "It is a step backward for democracy in Thailand. And I think it is important that that step backward now be resolved in accordance with the rule of law and democracy."

"We very much urge that democratic elections be held as soon as possible, which is a commitment military officials have made. That commitment needs to be met and it needs to be respected. And in that process, we need to make sure that there is full respect for freedom of speech and assembly and that violence be avoided," he continued.

Casey added that there are "consequences when these kinds of actions take place." In light of the situation in Thailand, he said, the United States would be reviewing certain "aspects" of its relationship with the country, including the provision of financial assistance.

Under Section 508 of the Foreign Operations Act for Fiscal Year 2006, the United States may not use appropriated funds to finance directly any assistance to the government of any country whose duly elected head of government is deposed by military coup or decree, with the exception of assistance to promote democratic elections or public participation in democratic processes.

The legislation permits the resumption of U.S. assistance when the president determines and certifies to the Committees on Appropriations of both the U.S. Senate and House of Representatives that subsequent to the termination of assistance a democratically elected government has taken office.

## Iraqi, Coalition Forces Prepare for Expected Ramadan Violence

*Insurgents, terrorists step up attacks during holy month, says U.S. general*
By David McKeeby
Washington File Staff Writer

Washington – Iraqi army and national police units, supported by their coalition allies, have conducted more than 600 security operations in the past two weeks as part of an effort to disrupt plans by enemies of the new Iraq to launch attacks against civilians during the upcoming observance of the Muslim holy month Ramadan.

"Historically, Ramadan has been a period of increased violence," Multinational Forces – Iraq spokesman Army Major General William Caldwell told reporters in a September 20 press briefing in Baghdad, Iraq. "Iraqi security forces, with coalition forces in support, have plans to address this concern."

Currently, he reported, Iraqi and coalition forces are engaged in 10 separate operations to root out the three leading threats to Iraqi democracy: insurgents, foreign terrorist cells and groups perpetrating sectarian violence in the country's northern and western provinces, as well as in the capital.

Other units, he added, are engaged in humanitarian aid and civil affairs projects to help local Iraqi citizens rebuild and improve their communities.

Caldwell said that the number of attacks linked to al-Qaida in Iraq have increased, especially in Baghdad, but also in al-Anbar, Salah ad-Din, and Diyala provinces. Because Iraqi civilians are the terrorists' preferred victims, finding and neutralizing these foreign fighters remains a top priority, said Caldwell.

Since January, he reported, Iraqi and coalition forces have detained more than 630 terrorists from more than 25 countries.

"Operation Together Forward," the Iraqi- led effort to secure Baghdad's most violent neighborhoods continues, Caldwell said. To date, forces have searched more than 70,000 buildings in the communities of Doura, Ameriyah, Ghazaliyah, East Mansour, Adhamiyah, Risalah, Khadra, Shaab and Jihad.

Iraqi and coalition units have detained approximately 100 individuals with suspected links to illegal activities, seized more than 1,400 weapons; and worked with local leaders to identify and fund trash removal and other public works projects.

But outside the neighborhoods where "Operation Together Forward" is active, Caldwell said, sectarian violence continues, as seen in an increase of killings across the Iraqi capital. Caldwell said that although public perceptions of security are improving, many Iraqi citizens still do not feel safe traveling outside their neighborhoods.

"Iraqi security forces and coalition forces will remain vigilant and adjust our tactics as necessary," Caldwell said, highlighting a recent successful operation in Baghdad that captured 32 members of a sectarian "death squad," including its leader.

Beyond ongoing security challenges, Caldwell reported that the Iraqi government continues to make progress. On September 20, local authorities will assume provisional responsibility for security in the southern province of Dhi Qar, joining its neighbor, Muthana, in being under full Iraqi control.

In Iraq's restive al-Anbar province, Caldwell reported that Sunni tribal leaders recently met to discuss cooperation with the Iraqi government to stop the insurgents and terrorist groups that have made the level of violence in their region second only to that in Baghdad.

These and other positive developments, he said, show that "Iraqi leaders are making strides and are just addressing the challenges facing this nation. … Coalition forces will continue to support them during this difficult transition."

IRAQ TAKES COMMAND OF ANOTHER ARMY DIVISION

In another indication of Iraq's increasing self-sufficiency, its ground forces command took full operational control of the second of its 10 army divisions during the week of September 17.

In a September 18 press briefing for Iraqi media in Baghdad, Caldwell congratulated Iraqi officials for assuming control of their 4th Division, which has been responsible for maintaining security in northern Iraq's Salah ad-Din province since August 8.

In a September 7 ceremony in the Iraqi capital, coalition commander Army General William Casey and Iraqi Prime Minister Nouri Kamal al-Malikisigned an agreement initiating the full transition of Iraq's military from joint command under Multinational Corps – Iraq to a total Iraqi chain of command.

"Every day we see the Iraqi security forces taking the lead to defeat the insurgency, to quell ethno-sectarian violence, and to ensure a safe and stable and secure life for the Iraqi people," Caldwell said. "They have made tremendous strides in the equipment, the combat readiness, the leadership and confidence within the Iraqi security forces."

The general added that as Iraqi security forces take on more responsibility for security in their country, coalition forces increasingly will move into supporting roles, providing training and other support as necessary.

**United States, China Create Strategic Economic Dialogue**

*Overarching, bilateral framework will help cement bilateral ties, President Bush says*
By Jane Morse
Washington File Staff Writer

Washington -- The United States and China have created an overarching, bilateral framework to review economic issues between the two countries.

In a September 20 statement announcing the creation of the U.S.-China Strategic Economic Dialogue, President Bush said that he and China's president, Hu Jintao, had discussed the "importance of maintaining strong and mutually beneficial U.S.-China economic relations" and the need to establish such a framework.

Bush said Treasury Secretary Henry Paulson would chair the U.S. side of the dialogue with support from Allan Hubbard, the director of the National Economic Council. Deborah Lehr will serve as Paulson's special envoy to the dialogue.

In China, Premier Wu Yi and Paulson, who is visiting China September 19-22, also announced the creation of the new dialogue structure. Paulson is expected to meet with President Hu and Premier Wen Jiabao during his visit.

In a joint statement released in China September 20, both sides said the dialogue would "focus on bilateral and global strategic economic issues of common interests and concerns." According to the statement, representatives from China and the United States intend to meet twice a year in alternate capitals.

The statement also says that existing bilateral dialogues and consultation mechanisms -- such as the Joint Commission on Commerce and Trade, the Joint Economic Committee, and the Joint Commission on Science and Technology -- will remain unchanged and will "continue to play their positive and important role in promoting U.S.-China economic and trade cooperation."

"The economies of the United States and China have been engines of global growth," Bush said. "We must ensure that citizens of both countries benefit equitably from our growing economic relationship and that we work together to address economic challenges and opportunities."

**Transcript: State Department's Shannon Addresses "Why the Americas Matter"**

*U.S. official cites link between democracy, development, security*

By pursuing an agenda that simultaneously reinforces regional democracy, development, and security, the nations of the Americas can serve as a model for other parts of the world, says Thomas Shannon, U.S. assistant secretary of state for Western Hemisphere affairs.

Addressing a group of Canadian diplomats, academics, and Fulbright scholars in Ottawa on September 14, Shannon began by thanking Canadians for welcoming Americans into their homes while U.S. air traffic was temporarily suspended in the wake of the September 11, 2001, attacks.

As the events of 9/11 demonstrated, the Western Hemisphere is confronting a new set of challenges that require an unprecedented degree of regional cooperation and coordination, according to Shannon. And the region's leaders have responded by recognizing that democracy, development and security are inextricably linked throughout the hemisphere, he said.

"We live in a hemisphere that is democratic, a hemisphere that is committed to free markets, that is committed to economic integration," said Shannon. "From my point of view, in many ways this hemisphere has already gone through what we would call the first generation of transformational challenges by committing itself to

democracy, by committing itself to fundamental human rights, and by building a consensus -- however debated it is, ... it's still a consensus -- around an economic model and an approach to economic growth."

Even so, a broad agreement on those principles also has raised questions about how best to implement them, he said. At this point, the hemisphere is grappling with "second-generation issues of governmental and societal transformation," he explained. "This is really ... about how you link democracy and development. It's about how you show that democracy is not a conservative form of government designed to protect the privileges of the elites, but is actually a revolutionary form of government that is designed to break open societies. It is designed to create opportunities not only for political participation, but for economic and social participation."

Shannon cited the adoption of the Inter-American Democratic Charter in 2001 as a remarkable advance for the region, because 34 democratically elected leaders of the hemisphere for the first time publicly committed themselves to upholding and defending democratic governance in the Americas. Simultaneously, regional leaders endorsed the idea of "free markets and economic integration through establishing a timetable for free trade over the Americas," said Shannon.

"Now, we all know that timetable hasn't been met ... but what was important ... is that there was a commitment to free trade and a recognition that it's through economic integration that democratic governments have the means to break down economic elites and oligarchies and look for new ways so that prosperity, as it occurs, doesn't just trickle through society -- it courses through society."

The 2001 Summit of the Americas held in Quebec City marked another significant milestone -- "a commitment to create a new hemispheric security agenda" that addressed the threats of terrorism, drug trafficking, natural disasters, environmental disasters and pandemics, Shannon said, adding that this commitment "created an opening for state dialogue about security which was new and unique and fresh" by shifting much of the discussion out of defense agencies and into law enforcement, intelligence, emergency response and health agencies.

The region's fresh approach to security needs has facilitated "a level of cooperation that really had never existed before," he said.

For these reasons, and many others, the Western Hemisphere nations are poised to set an example for other regions to follow, said Shannon, adding that the openness, resiliency and economic successes enjoyed by Western Hemisphere democracies send "a strong message" to nations in the Middle East and Central Asia. "The degree to which we can show that democracy can deliver the goods will act as a source of encouragement for those countries in the Middle East and elsewhere in the world."

Conversely, "the degree to which we fail will reinforce those who have always argued that only authoritarian governments can [make] the tough decisions that are required to end poverty and inequality and create societies that are allowed to grow," he warned. The stakes are high -- for the Western Hemisphere and for other regions as well, he said.

The Americas remain "the New World" because of the hemisphere's capacity to lead and inspire, Shannon concluded. The Western Hemisphere "still has the capability to show the rest of the world some profound and important lessons in governance and in how you protect individual liberties but operate successfully within a globalized economy."

Following is a transcript of Shannon's September 14 remarks in Ottawa:

Canada-U.S. Fulbright/Killiam Orientation,
Cadieux Auditorium,
Department of Foreign Affairs and International Trade,
Ottawa, Canada
September 14, 2006

Thomas Shannon,
Assistant Secretary of State for Western Hemisphere Affairs,
on "Why the Americas Matter"

DR. SHANNON: Good evening. Thank you all very, very much for the opportunity. Thank you, Bill. Thank you, Michael. Sir, thank you; ma'am, thank you very much.

To all of you, to those of you who are going to be scholars, congratulations. To those of you who are here because of your interest in North America and in the Americas, thank you very much. It's an interest we share; it's a passion we share.

I think this is an appropriate moment to talk a bit about North America, but also more broadly about the hemisphere. If you will allow me a few moments, this is what I would like to do.

As Bill mentioned, having the [U.S.] secretary [of state] in Halifax and then out in Stellarton and in Pictou was a great opportunity for us to come up to Canada on September 11 and express appreciation and gratitude for the hospitality

and the compassion that was shown to so many travelers, and so many of them Americans, during September 11 and the days afterwards as we tried to understand exactly what happened to us and open our airspace and bring people back into the United States.

It was especially important, I think, from an American point of view, with so many commemorative events taking place in the United States to have the opportunity to go outside the U.S. and to hold a commemorative event here, and a commemorative event that didn't focus on the death and destruction of the terrorist attacks but focused on the human response and the openness of the response from Canada.

One of the things that struck me in Halifax in the ceremony was the decision to bring in people who had worked at the airport on that day who had brought travelers into their homes, and also the decision to have several of them speak.

I'm not sure how many of you saw it; I know it was televised, but at the ceremony they had a gentleman who was effectively the duty manager who was on duty at the time of the attacks and who received a call at Halifax Airport, basically being told that he was going to have between 40 to 60 aircraft coming his way in about 30 minutes and they were all going to land in the space of several hours and effectively take an entire day's work and compress it into a very short timespan. Then they also had a high school teacher who spoke about what it was like getting word from his principal that they were going to have 300 people, you know, sleeping at the school and that all the teachers needed to begin to prepare the school for that purpose.

For me at least, it provided a very genuine and very direct, very authentic face to the response of September 11. I found it very touching. I think it underscored the depth of the human connections between the United States and Canada. I would like again to underscore our thankfulness, our gratitude, for the Canadian response to September 11.

Following the ceremony at Halifax and following the trip out to Pictou and Stellarton, about which much has been written and discussed in the press, I also had a chance to go out to Banff, where yesterday and today actually, Canada, the United States and Mexico held the second session of the North American Forum.

For those of you who aren't familiar with the North American Forum, it sprang up as a parallel structure to the Security and Prosperity Partnership of North America. It was originally an effort to bring opinion-makers, private-sector leaders, university professors and presidents, and leaders of NGOs [non-governmental organizations] together with government officials from the three countries of North America to begin to talk about North American security and to begin to see if there was some way that together, the governments working with the private sector and universities and NGOs could begin to create a vision for North America and an understanding of what North America is as an entity and then how governments could be working better together to fashion more productive cooperation and address the kinds of problems we saw in the immediate aftermath of September 11.

There are three convenors or co-convenors for this. On the U.S. side it's former Secretary of State [George] Schultz, on the Mexican side it's former Finance Minister Pedro Aspe, and on the Canadian side it's the former Premier of Alberta Peter Lougheed. The first session was held last year in Sonoma. This year it's held in Banff. Next year it will be held in Mexico.

I thought it particularly appropriate that the events in Halifax were followed immediately by the conference in Banff because it linked the tragic events of September 11 to what has come out of it, which I think is a real examination of what North America is and an effort to understand how we -- as different as we are in our identities and as different as we are in our national sovereignty -- Canada, the United States and Mexico do share a common place, do share a common market and increasingly are connected demographically and culturally, and how only by understanding this and looking for ways to enhance that degree of connectedness are we going to remain competitive in the world, but also are we going to be in a position to protect our open societies against threats which aren't going away. For that reason, I thought it useful to come here today.

Stephen Krasner was going to be your speaker. He sends his deep regrets for not being able to come out today. I can't match Stephen. He is a brilliant scholar, and as director of policy studies he has a very, very important role to play in the State Department and in fashioning with the secretary our larger approach, our larger diplomatic approach, to the world. But I was happy to step in for him because I think this is a very hopeful moment in the hemisphere. I think there is a lot of opportunity out there. This might not be immediately evident when you read the press or look at what is presented in TV programs and analyses, but my own view is that this is the hemisphere that has made incredible strides and progress over the last several decades and really is positioned to do tremendous things, and North America is going to be a very important part of that.

If you don't mind, what I thought I would like to do is start by taking about what I think the central issue in the

hemisphere is, why this is important for the rest of the world, talk about how the hemisphere has sought to create an agenda -- a common agenda -- among democratic nations, how the United States has engaged in it, and then, finally, how North America relates to it.

I chose the title "Why the Americas Matter" simply because the news so often focuses on events in Iraq or events in Afghanistan or the larger war on terror that we sometimes forget that we live in a hemisphere that is democratic, a hemisphere that is committed to free markets, that is committed to economic integration and that is committed to developing the individual capacity necessary to take advantage of the economic opportunities that are being presented through the kind of economic growth we have been able to achieve in the region more broadly.

From my own point of view, in many ways this hemisphere has already gone through what we would call the first generation of transformational challenges by committing itself to democracy, by committing itself to fundamental human rights, and by building a consensus -- however debated it is, but it's still a consensus -- around an economic model and an approach to economic growth.

What we are looking at right now in this hemisphere really is the second-generation problem, or second-generation issues, of governmental and societal transformation. This is really, in the Western Hemisphere, about how you link democracy and development. It's about how you show that democracy is not a conservative form of government designed to protect the privileges of elites, but is actually a revolutionary form of government that is designed to break open societies. It is designed to create opportunities not only for political participation, but for economic and social participation, and that as we think about democracy we need to think about it in much larger terms than just voting or electoral mechanisms or machineries. We need to think about it in terms of a democratic state -- not just a democratic government, but a democratic state -- and all that means for political citizenship, for economic citizenship and for social citizenship.

In a region which has become democratic, which has committed itself to a certain economic model, we obviously face big problems, big social problems, in relationship to poverty, in relationship to inequality and to exclusion, both political exclusion and social exclusion. One of the striking things over the last bunch of years is how this region has sought to deal with it.

I would like to start by taking you all back to April of 2001, to Quebec City, where the Summit of the Americas met in difficult and contentious circumstances, if you remember. Although Quebec City has the fame of being a fortress, it was even more so that day. You will recall that this came after Seattle and Genoa and a period of kind of anti-globalization demonstrations which were quite dramatic and intense. The Summit of the Americas was seen as a perfect opportunity for these forces to kind of appear on the steps of Quebec City and try to break through and disrupt the Summit of the Americas, which so many assumed was just going to kind of repeat the cant of globalization.

The irony is, of course, that as the demonstrators outside were expressing their concern about what was happening inside, what was happening inside was something quite remarkable in the sense that the democratic leaders who were participating in that event for the first time committed the Western Hemisphere to democracy. Through the democracy clause of the leader's statement, the 34 democratic heads of state said that to participate in the Summit of the Americas process, countries had to be democratic, and that countries which, for whatever reason, had a constitutional rupture would then be examined by leaders to determine whether or not that country was worthy of continuing participation in the Summit of the Americas process.

What was striking about that was that the Summit of the Americas process is not just a leaders' meeting once every four years. It's a series of ministerial meetings, it's free-trade talks, it's an entire structure of engagement in the hemisphere. To make the requirement that countries be democratic to participate in it was a striking step forward in the hemisphere.

Just as importantly, the leaders instructed their foreign ministers to negotiate an Inter-American Democratic Charter without telling them what the substance of that charter needed to be. They instructed them to negotiate that charter amd to take the democracy clause that the leaders had agreed to in the summit process and incorporate it into the inter-American system, into the Organization of American States, into the Inter-American Development Bank and into all the other committees and commissions that make up the inter-American system. This was obviously a large order, but one that was done in quick fashion.

The other striking things that came out of the Quebec City summit was a broad commitment to free markets and economic integration through establishing a timetable for free trade over the Americas. Now, we all know that timetable hasn't been met. We all know that, especially with the suspension of talks in Doha and the inability to come to terms on agricultural issues, our ability to actually close a larger free-trade [deal] over the Americas in the near term is limited, but what was important then and is important still is that there was a commitment to free trade

and a recognition that it's through economic integration that democratic governments have the means to break down economic elites and oligarchies and look for new ways so that prosperity, as it occurs, doesn't just trickle through society -- it courses through society.

In that regard, while making a commitment to free markets and economic integration, the leaders also made a commitment to investing in people. I will elaborate on this more in just a minute, but what was important about this commitment to invest in people is that it was a recognition, which would be kind of manifested more broadly in the next year in 2002 at the U.N. conference on financing development in Monterrey, Mexico, of a new paradigm of development, recognizing that countries had to be responsible for their national development policies and that those countries that could be donor nations needed to link in some fashion to a policy process so that their assistance connected to a policy process that created the national infrastructure to allow countries to take advantage of economic opportunity created through trade but also individual capacity, so that through education, through health care, and through personal security, citizens in all the countries could take advantage of economic opportunity as it presented itself.

The other term which I think coming out of Quebec was important was a commitment to create a new hemispheric security agenda. For the longest time, our security agenda has been defined by the Rio Treaty and by confidence-building measures between states, the assumption being that the essential vulnerability or threat in the hemisphere was state-on-state violence.

What the leaders again instructed their foreign ministers to do was to take another look at the security agenda and to adjust it to a reality in which the real threats to states were not other states in a hemisphere that had committed itself to democracy, but instead the threats were terrorism, drug trafficking, natural disasters, environmental disasters and pandemics, and in so doing, created an opening for state dialogue about security which was new and unique and fresh. It actually took a lot of that dialogue out of defense ministries and put it in law enforcement agencies and intelligence agencies, in crisis and emergency response agencies, and also in health agencies, especially those that dealt with pandemics. This was, I think, an important step forward in again building kind of the connective tissue within the hemisphere that allows a conversation and a level of cooperation that really had never existed before.

When we look back on that summit, I think what we see is: number one, a creation of a consensus around political values and around economic models, but also clear instructions to governments to begin to develop the mechanisms and the action plan or the agenda necessary to make these commitments real. The governments have responded, bureaucracies have responded, through the Inter-American Democratic Charter. The OAS was able to take the democracy clause of the Quebec City summit and put it into the inter-American system, but it was able to do it in a way that it's really worth taking a minute or two to understand what the Inter-American Charter, the Democratic Charter, really is.

I'm not sure how many of you have had a chance to look at it in any detail. The first article of that charter, the first clause of the first article, says that democracy is a right of all the peoples of the Americas and that their governments have an obligation to promote and defend it; in other words, democracy is a right.

Now, this is a radical statement. Typically, if you talk to people who study these things, they will argue that democracy is a form of government that is made up or constructed from fundamental rights such as freedom of association, freedom of speech, freedom of belief, but that it is these fundamental rights that are liberties and freedoms, not the form of government. But the foreign ministers were arguing the opposite -- not the opposite; they were arguing that although it has component parts that are liberties, democracy itself is a right. This was a unique statement. It was a unique statement for the Americas, I think it was a unique statement in the world.

Beyond that, it said that governments have an obligation to promote and defend democracy, so it creates not only a right for individuals and peoples, but an obligation for governments.

The second clause of the first article says that democracy is essential for the political, social and economic development of the Americas. This statement is just as radical as the first, because what it's proposing is that for development to be real, it has to be democratic. What the foreign ministers were attempting to articulate here was a belief that this hemisphere needed to fashion a new understanding of development and a new model for development, and not a model that is capitalist, socialist or communist, but a model that is democratic.

I think that this has highlighted the essential issue that we are facing in this hemisphere right now, which is this linkage between democracy and development and the ability to show that democracy can deliver the goods, that at the end of the day, as I mentioned earlier, democracy is not a conservative form of government, that in fact it has the potential to be a very revolutionary form of government, a revolutionary form of government that protects individual rights and liberties but at the same time

gives people a voice in their national destiny and recognizes them in a citizenship which is all-inclusive and which, more importantly, takes the step beyond democratic government to the recognition that we live in democratic states, and as members of democratic states, our government has responsibilities also to engage in our societies and operate in our societies as democratic actors.

In some ways the challenges that we face now in the hemisphere are the product of the consensus that was created in Quebec City and then the commitment that was built through the Inter-American Democratic Charter. One other point which is very important to make here: the Inter-American Democratic Charter was approved in Lima, Peru, on September 11, 2001.

In fact, I was in Lima, Peru, with Secretary Powell, and it was during a breakfast with [Peruvian] President Toledo that Secretary Powell was informed of the attacks at the World Trade Center and then in the Pentagon. It was while he was traveling from the presidential palace to the site of the OAS Special General Assembly that was considering the Democratic Charter that he was informed that there was a fourth aircraft out there and nobody knew where it was.

He made a decision in Lima not to return immediately to Washington. He made a decision to stay and see the Inter-American Democratic Charter approved. In the speech that he gave, an impromptu speech obviously that he gave, at the Special General Assembly, he told the gathered foreign ministers that approving the Inter-American Democratic Charter was the most appropriate response that the Americas could give to this terrorist act because at the end of the day the terrorist act was not directed against the United States, it was directed against open societies. It was directed against democracies. It was directed against countries that built their political systems around individual rights and liberties.

Obviously, the Inter-American Democratic Charter was approved by acclamation in Lima. For us who had been working on it for some time, it was a profoundly bittersweet moment: sweet obviously because the promise of the Quebec City summit had been realized in an important agreement, bitter obviously because ur country was under attack and we knew what this was going to mean for us in the years to come.

The fact that September 11 kind of links terrorism and democracy in such a dramatic way is important, and the fact that the charter itself links democracy and development is also vitally important. One of the things that we have tried to do, the United States government has tried to do as it establishes its policy in the region and as it looks at how it expends resources is to make sure that our policy corresponds to the structure or the consensus that was built in Quebec City, whether it be commitment to consolidation of democratic institutions, whether it be promoting economic opportunity and prosperity, whether it be investing in people or whether it be in working to protect the democratic state from non-state actors. In other words, our policy -- and this might surprise some of you -- really was conceived through the summit process. Its structure reflects the summit process, and as we try to implement it, we try to implement it in a way that corresponds to that process and corresponds to the priorities laid out in that process. I think we have done a pretty good job of it, and I will run you through a few numbers just to give you an idea.

For instance, the Bush administration has doubled foreign direct assistance to Latin America and the Caribbean. When President Bush came into office, the United States was spending about $800 million a year in foreign direct assistance to the region. That is now about $1.6 billion. It has been $1.6 billion for the past five years. In fact, if you look at the entire amount of money that the previous administration spent in the region, it was a little under $7 billion. The Bush administration hit that figure at about four years, so everything since then has been kind of an add-on.

What is important also is that this money has been concentrated in specific areas. The development side of the equation has been enhanced. There has been an important alternative development component put into the counter-drug activities, especially in the Andes, and a lot of money has also gone to Haiti in order to help Haiti work itself through a very difficult political moment and show that a democracy can rebuild. A democratic government, with the help of the U.N. and countries like Canada, can rebuild a democratic state.

The Bush administration increased funding to the Peace Corps by about 40 percent and put about a thousand new Peace Corps volunteers into the region and into countries that historically had not had Peace Corps volunteers, like Mexico.

The Bush administration created the Millennium Challenge Corporation and the Millennium Challenge Accounts, which are designed to take the principles developed at the Monterey U.N. meeting on financing development, linking the policy of developing countries to donor assistance and providing new monies and new funds to promote governments that make the right kinds of decisions, the right kind of policy decisions about fighting corruption, improving education, improving health care and creating an environment in which people develop individual capacity. The administration has put about $500 million up

to this point -- new money -- into the region through the Millennium Challenge Account, and it will put additional money in it, if we are able to negotiate compacts with Bolivia and with Guyana.

Also, through our HIV/AIDS programs, both bilaterally and through global funds, we put about another $500 million into the region.

Then, through trade and preferential access programs, we have -- we think -- dramatically reshaped the economic dynamic in the region and have begun to foster a series of microeconomic revolutions in specific countries where we have free-trade agreements that are really all about tearing down old economic structures and old ways of doing things and opening up market space and creating an environment in which new companies can emerge and in which small and medium-sized enterprises have a chance and create economies that pull people out of the informal sector and into the formal sector, where not only do they pay taxes but they are also covered by labor law and by social security regimes.

Right now, about 85 percent to 90 percent of all goods coming from Latin America and the Caribbean to the United States come in duty-free, either through GSP, through our Caribbean Basin Initiative, through the Andean Trade Preference and Drug Eradication Act, or through our free-trade agreements. Right now, our free-trade agreements cover about two-thirds of the entire GDP of the hemisphere.

We think that this kind of response to the region, that this kind of engagement with the region, has been positive. I will let the Canadians speak for themselves, but I know the Canadian engagement has been just as robust. This is important, because it really is changing a dynamic in the region and it is changing how people understand their futures and how they understand their engagement with other countries. This is why, from our point of view, we have to -- and I will underscore "have" -- we have to maintain a hemispheric approach in our policy.

We have to maintain a pan-American approach to our policy, because without that, South America in particular -- parts of South America -- really run the risk of becoming Pluto, of kind of floating off to the far end of the universe and eventually being declared not a planet. I don't say it entirely in jest, because South America in particular has a tendency to parochialism. It has a tendency to close in on itself. Even with all the activity that countries like Brazil and others are doing to try to open the region up, and the degree to which the Chileans have been reaching out very aggressively, there is -- I'm not quite sure how to describe it or articulate it -- but historically there has been a tendency to look inward, to not necessarily see itself as part of a larger hemispheric project. We have to do everything possible to not allow that to happen, to not allow that break to occur.

This is actually a moment in which I can talk a bit about the challenges that we face in the region, and especially the challenges to the consensus that we built through the Quebec City summit process and then through all the summits that have come after it.

Obviously, one of the most vocal and visible challenges of this consensus is Hugo Chavez of Venezuela. Chavez has a message which resonates in some parts of Latin America, especially on the fringes of political society. We have seen it expressed and manifested in a variety of ways, one of the most dramatic being during the Mar del Plata Summit when a people's summit, a counter-summit, was held as an effort again to attack the larger free-trade agenda of the region -- not just the United States, but the region -- but also as a response, a negative response, to the impact of globalization.

This challenge is really a challenge of vision. It's a challenge of ideas. We need to understand it that way and we need to respond to it in that way. In other words, we really shouldn't see it as a political threat. We need to see it as a challenge to us to improve our ability to communicate, but more important, to improve our ability to provide results.

What I mean by this is that in some ways, what we see in this competing vision is something that we have seen and heard before. The vision is based on personalistic policies. It has a heavy authoritarian overlay and it sees democracy as a means to channel class conflict. It sees democracy as a means to choose leaders but not as a method of government. The method of government is really about trying to address the problems of class conflict and class divisions through an elected government but acting in an authoritarian way and doing so by concentrating resources back to the state, back to the public sector, and by resisting economic integration, the belief being that economic integration actually degrades and erodes the power of the state and that the state is necessary to address the underlying social problems that especially South American countries face.

From our point of view, at least, we have seen this movie. We have heard these arguments. We know what the result is. It's broken institutions, it's failed economies, and it's a suffocation of civil society. This is a message that resonates because of desperation. It's a message that resonates because of the frustration that people in some countries feel about governments that aren't delivering the goods.

One of the challenges that we face, one of the things we need to do, is look for ways to make sure that governments that have made a commitment to democracy, governments that have made a commitment to free markets and economic integration, can succeed. Most of them are succeeding. Those who aren't are not succeeding because their institutions are weak and because the political dynamic in the country is so fractious that there is no possibility for continuity of policy over time. In this regard, the inter-American system has institutions and organizations that can help these countries.

In fact, one of the important aspects of the Inter-American Democratic Charter is that it creates a means for countries in the hemisphere to express solidarity and provide institutional assistance to countries that are going through democratic crises, not only in terms of electoral observation but also in terms of a variety of other interventions that can be done. We are only beginning to understand the power and the strength of the Inter-American Democratic Charter in this regard. There is a lot more that we can be doing. There is a lot more creativity that we can be bringing to this issue.

I guess the central point here as we look at this kind of -- I don't want to use the word "battle," but as we look at what these competing visions mean and how it is we are going to address them, ultimately we have to address them through results. We can't address them through rhetoric. We can't address them through ideological attack. We have to do it by showing that we have the capability of linking democracy and development and delivering the goods and services that many of the countries in the region need [in order] to address the underlying problems of poverty and [in]equality and exclusion. I think we can do it. In fact, I think there is tremendous opportunity out there to do it.

When you look at what countries like Chile and El Salvador have been able to do in terms of reducing poverty levels, and especially critical poverty levels, there are lots of good models. There are lots of approaches that work. It also requires a degree of flexibility on our part, as we understand that countries all have an internal political dynamic that needs to be worked out and that what we need to be doing is looking for ways to help to facilitate that process, to help these countries work this out.

In this regard, I believe that there is still a consensus around democracy, free markets and economic integration, and a consensus around the importance of investing in people so that they don't become dependent on the state, but they become independent in themselves, that they have the capacity to take advantage of economic opportunity. I believe that Canada and the United States can play a huge role in this.

This kind of brings me back to North America. What we have been able to accomplish through NAFTA [the North American Free Trade Agreement] has been remarkable in terms of dramatic economic growth and dramatic growth of trade, but NAFTA was an agreement which, once done, was kind of left to itself and left to the private sector. It was really through the Security and Prosperity Partnership (SPP) that governments finally re-engaged in a NAFTA process and finally began to look for ways to enhance NAFTA, but at the same time, build into it other components, especially on the security side -- recognizing in the aftermath of 9/11 that it's through protecting our security that we protect our prosperity, and we protect the well-being of our democratic institutions, but also in terms of building new constituencies for governments.

One of the interesting things about the Security and Prosperity Partnership is that it has components that allow those who use the border all the time, whether they be the private sector and movement of goods and services, whether it be state and municipal institutions along the border, the frontier, or other people who have an abiding interest in borders, whether they be NGOs or universities, or who have studied them at great length, to provide input to governments and to enhance our understanding of where friction points still exist and what more we can do in terms of harmonizing regulations, in terms of improving procedures and processes, but also in developing levels of cooperation and collaboration that haven't existed before.

When the SPP was first conceived several years ago, it was seen as something that would be done as an add-on to NAFTA and taking into account the events of September 11, but it has evolved over time. With the disasters that we in the United States faced because of Hurricane Katrina, because of the fears raised by the possibility of an avian flu pandemic, our understanding of security in North America and its relationship to trade has also changed and evolved.

What we are doing in North America today is consolidating democratic states, integrating them economically but then providing a security overlay and a level of cooperation and dialogue that will strengthen the economic institutions, strengthen our ability to protect and promote our prosperity, and enhance our ability to create the opportunity that people can actually take advantage of. In this way, we have taken a model of economic integration that is largely accepted around the hemisphere and raised it one level higher. It's a huge challenge for the rest of the hemisphere, but it's a challenge that we have to push them to accept.

We think that the degree to which we can improve our

cooperation and collaboration within North America will actually be effectively pulling Central and South America and the Caribbean with us and letting them know that we can indeed address the fundamental problem of democracy and development in North America with Mexico as a viatl partner, look for ways to address profound issues like immigration, and create an environment in which our democratic societies, our open societies, are secure. This is obviously important for us, it's important for you, it's important for Mexico, it's important for other countries in the region.

One of the reasons why I wanted to say why the Americas matter, aside from the obvious interest to ourselves, is that the degree to which we can show that democracy can deliver the goods, the degree to which we can link democracy and development and show that you can have open societies that are resilient, that can protect themselves and can protect their economic institutions is that we are sending a very strong message to those parts of the world that are just beginning a democratization process, whether it be in the Middle East of whether it be in south and central Asia. The degree to which we can show that democracy can deliver the goods will act as a source of encouragement for those who are really working to democratize countries in the Middle East and elsewhere in the world. The degree to which we fail will reinforce those who have always argued that only authoritarian governments can address the tough decisions that are required to end poverty and inequality and create societies that are allowed to grow.

For that reason I think that the Americas is still the New World. I think that the Americas still has the capacity to show the rest of the world some profound and important lessons in governance and in how you protect individual liberties but operate successfully in a globalized economy.

Thank you.

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